

**A GUIDE TO
REMORTGAGING**

When you take out a mortgage, you do not have to stay with the same deal for the whole term – you can review it regularly to make sure you are getting the best rate. That is what remortgaging is all about.

This guide is designed to introduce you to the process of remortgaging by providing answers to some of the key questions so you can decide if it is the right choice for you.

WHAT IS A REMORTGAGE?

A remortgage is when you stay in the same property and replace your current mortgage with a new one, either with your existing lender or a different provider.

You pay off your existing mortgage with the new mortgage, using the same property as security.

WHY SHOULD YOU REMORTGAGE?

There are many reasons why you might be considering a remortgage. Here are a few of the more common ones.

Finding a better deal and saving money

A remortgage may help you find a lower interest rate which means your monthly payments may reduce, or change to a fixed rate which helps you to manage your finances.

Even a small reduction in your mortgage's interest rate can deliver substantial savings over the full length of your mortgage term.

Some lenders may offer deals that allow greater flexibility over your mortgage repayments, such as making overpayments or giving you payment holidays.

Your current deal is coming to an end

The initial benefit period that attracted you to your mortgage in the first place usually expires after 2-5 years.

Once that happens, your lender will automatically transfer you to their standard variable rate (SVR), which may or may not be the best mortgage deal for you.

Find out what the rate on their SVR mortgage will be so you know what you need to compare against. Our Mortgage Consultant will be able to help you find the most suitable product for your circumstances.*

Additional borrowing

If you wanted to borrow additional funds but your current lender has said no to lending you the additional monies (known as a 'further advance' or a 'top up'), you may want to remortgage to a new lender that will allow you to borrow more.

This could be used for carrying out home improvements, helping your children raise a deposit for their own home or paying off existing debts (see 'consolidating your debts').

There may be fees and additional costs involved, but our Mortgage Consultant will discuss these with you.

Your circumstances have changed

If your financial situation has changed during the course of your mortgage term, such as a marriage, promotion or inheritance, or your finances are not as healthy as they once were, it might be a good time to remortgage.

Your home has increased in value

If your home has increased in value since you took out your original mortgage, you may find you are in a lower loan-to-value (LTV) band, which may give you access to lower rates.

LTV is the ratio between the size of your mortgage and the value of your property, written as a percentage. For example, if you have a £400,000 mortgage on a £400,000 property, your LTV is 100%. But if your property is now worth £500,000 but your mortgage is still £400,000, your loan-to-value has reduced to 80%.

Consolidating your debts

Should you need to manage other financial obligations, there are products that can be used to consolidate your debts, including:

- Taking out a personal loan
- Taking out a further advance on your existing mortgage
- Remortgaging to a new lender with an increased mortgage amount

However, even though a mortgage rate might look better than a personal loan, it lasts a lot longer, so it might not be the most cost-effective solution.** Speak to our Mortgage Consultant if you are unsure.

Reducing your mortgage term

If you are earning more than you were when you took out your mortgage or you find yourself with extra funds, it might make sense to refinance your mortgage. You might be able to reduce your mortgage term by increasing your monthly repayments. We can look at this with you and explain all your options.

* Subject to status and lender criteria.

** Think carefully before securing other debts against your home.

THINGS TO CONSIDER

Here are a few important points to consider before remortgaging.

Product transfers

You can opt to stay with your current lender and still change your mortgage; this is called a 'product transfer'. Your debt is simply transferred from one product to another.

For example, you are approaching the end of your initial benefit period, you can avoid going onto your lender's SVR by transferring to another mortgage with your original lender.

However, if you only look at mortgages available from one lender, you may not always find the best rate. As a mortgage broker, we can compare your current lender's offer with other lenders on the market and search for the most competitive rate.*

Early Repayment Charge

Most mortgages have an Early Repayment Charge (ERC) that usually lasts for the initial benefit period. If you remortgage during this time, you may have to pay this charge.

Check with your lender to see if your mortgage has an ERC. If it does, ask how much it is and when it expires.

Your outstanding mortgage

The more information you have at your fingertips, the more prepared you will be. So before you apply to remortgage, it is important to confirm how much you owe on your existing mortgage from your current lender.

THE BANK OF ENGLAND BASE RATE

The official bank rate (also called the Bank of England base rate BOEBR) is the interest rate the Bank of England charges banks for secured overnight lending. Most UK lenders use the base rate to help calculate interest rates on their own products.

WHAT ARE THE COSTS OF REMORTGAGING?

Although some lenders offer fee-free mortgages, other mortgages on the market may come with associated costs. When you look at your options with our Mortgage Consultant, we will explain all the fees and benefits of each package with you so you can make an informed decision.

* Subject to status and lender criteria.

** An administration fee will still apply on all future mortgage applications.

*** Can be withdrawn at any time.

FEES YOU MAY HAVE TO PAY

If you do have to pay a fee, the amount payable will depend on the lender you choose. Here are some fees you may incur to secure a remortgage with a lender:

- **Arrangement fee:** paid to the lender for arranging your remortgage
- **Booking or reservation fee:** usually charged upfront, it pays to reserve the mortgage product offered while your remortgage application is being processed
- **Valuation/survey fee:** to cover the valuation/survey carried out on the property
- **Legal fees:** costs incurred by your conveyancer for the legal work required for a remortgage
- **Broker fee:** a one-off fee payable to us, for lifetime membership to our mortgage services, which comes with a number of benefits. If you are already a lifetime member this fee will not be payable
- **Administration fee:** payable for handling all the administration on existing and future remortgage applications

Our Mortgage Consultant will discuss the lender's fees and costs with you during your remortgage meeting.

LIFETIME MEMBERSHIP

When you take out a mortgage through us you can choose to become a Lifetime Member. This means you will receive ongoing mortgage and insurance advice for life. You will never have to pay another broker fee again, no matter how many times you move or remortgage.**

We will review your mortgage and insurance needs regularly to give you the best mortgage products and services.* We will also inform you of key developments in the market to show how they could affect you.

We will be in touch when your mortgage is coming to an end to look at your options and provide professional advice on what is best for you at the time.*

If you decide to move, sell your property with us and you can enjoy a discount on the cost of conveyancing and estate agency fees too. Plus, you can even earn rewards by recommending a friend.***

HOW WE CAN HELP

Our Mortgage Consultants are authorised and regulated by the Financial Conduct Authority (FCA) to provide clear and practical advice on your mortgage and insurance options.

We aim to:

- Confirm how much you can **borrow** and all the costs involved*
- **Recommend the right remortgage for you** by searching thousands of mortgage deals available from our panel of selected lenders*
- Take care of all your **remortgage** and **insurance** arrangements*

MORE CHOICE, MORE OPTIONS

Unlike banks and building societies who only offer their own brand of mortgages, we act as a broker on your behalf, selecting the right mortgage for you from our panel of selected lenders.*

APPLYING FOR A REMORTGAGE?

HOW MUCH CAN YOU AFFORD TO BORROW?

This depends on your income, expenditure and personal circumstances.

Lenders need to know much more about you than just your salary before making a decision on how much they are willing to lend by way of a mortgage. The lender will look closely at your financial history and existing commitments before making a decision. This is done for every mortgage application, including remortgages.

Each lender's criteria can be a little different, so what might be enough for one isn't guaranteed to be accepted by another. Speak to one of our Mortgage Consultants who can explain each lender's criteria and advise you on what you can afford to borrow.

HOW TO APPLY

Simply make an appointment with one of our Mortgage Consultants who will recommend a mortgage product based on your circumstances*. They will then submit the application to the lender with certified copies of your documents (to prove they have seen the originals) and details of your property.

WHAT YOU WILL NEED

You (and another applicant(s) if you are remortgaging together) should have available the following original documents for your remortgage meeting. Don't worry if you don't have them all to hand, our Mortgage Consultant will advise you which documents you need, depending on the lender.

Photo ID

- Valid UK/EU passport
- Valid driving licence (if not being used for address verification)
- Valid firearms ID card
- National ID card

Address Verification

- Utility bill dated in the last 3 months (not a mobile phone bill or junk mail)
- Valid driving licence (if not being used to verify ID)
- Annual council tax bill
- HMRC/DWP letters within the last 3 months
- Last 3 months' bank statements (showing income and expenditure)
- Latest credit card statement
- Latest mortgage statement (if applicable)

Income Proof

- Latest P60 and last 3 months' payslips (some lenders may accept less than 3 months' documents)
- If self-employed, last 3 years' audited accounts/SA302 form, including tax year overviews (some lenders may accept less than 3 years' documents)
- Accountant's certificate (which includes their name and address)
- Proof of any recent bonuses or pay rise
- Pension/benefit statement(s)

MORTGAGE OFFER

Once the lender is satisfied with the results of the valuation and the details you provided as part of the remortgage application, they will be in a position to issue a mortgage offer and send a copy to your conveyancer, who will work towards completion.

You will also receive a copy of the mortgage offer.

CONVEYANCING

This is all the legal work involved in remortgaging. Our Mortgage Consultant will advise if there are any fees to pay and will arrange the conveyancing for you.

* Subject to status and lender criteria.

INSURANCE

PROTECTING YOU AND YOUR HOME

The mortgage lender will require you to have buildings insurance in place from the moment you complete on your remortgage.

Some buildings insurance policies have an element of accidental damage cover included, but you may want to add additional cover for more protection.

You might want to consider adding contents insurance for your possessions too.

If you require insurance, or would like to review your existing cover, our Mortgage Consultant can help you with this.

There are other insurance products you may also want to consider:

- Life insurance
- Critical illness
- Income protection

MAKING A WILL

If you don't already have a will now is a good time to put one in place.

Deciding what will happen to your property, possessions and assets in the event of your death would save your loved ones untold worry, costs and stress and provide stability and protection at a difficult time.

Ask our Mortgage Consultant how our will-writing partner can guide you through the process, help you safeguard your home and your possessions, and give your family peace of mind, whatever the future holds.

A BROKER FEE MAY BE PAYABLE UPON MORTGAGE APPLICATION AS WELL AS AN ADMINISTRATION FEE. THE TOTAL FEE PAYABLE WILL DEPEND ON YOUR CIRCUMSTANCES. YOUR MORTGAGE CONSULTANT WILL EXPLAIN ANY FEES APPLICABLE IN YOUR INITIAL APPOINTMENT.

THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME. YOUR HOME OR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE. YOU MAY HAVE TO PAY AN EARLY REPAYMENT CHARGE TO YOUR EXISTING LENDER IF YOU REMORTGAGE.

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